

**Lawrence Berkeley National Laboratory
Contract Assurance Council
Minutes of the Monthly Meeting**

**Wednesday, November 7, 2007
University of California—Office of the President
Franklin 9204**

CAC members or representatives present:

Bob Foley	Gary Falle for Bruce	John Layton, by phone
Bob Van Ness	Darling, by phone	Larry Coleman
John Birely	Judy Boyette	John Oakley
Buck Koonce	Al Diaz, by phone	Bill Eklund for Jeff Blair

CAC members absent:

Anne Broome	Patrick Reed
-------------	--------------

UCOP Staff:

Ron Nelson	Jim Hirahara
Sandy Vinson	Sharon Eklund

Guest participants:

Howard Hatayama, LBNL	Jim Krupnick, LBNL Jeffrey Fernandez, LBNL	John Chernowski, LBNL
--------------------------	---	-----------------------

Welcome/Action Items

Bob Foley welcomed the Council members, and Jim Hirahara reported that there are currently four open action items—two of which are scheduled for future presentations and two of which will be presented at this meeting. Since Council members proposed no changes to the minutes of the October CAC meeting, the Council should consider the minutes final as distributed.

Issues Management Program and Risk Ranking

John Chernowski discussed how the work cycle of performing, assessing, and reviewing work yields results such as findings, corrective actions, and lessons learned that LBNL captures in the Issues Management Program. Findings and corrective actions are entered into the Corrective Action Tracking System (CATS). The LBNL Office of Contract Assurance (OCA) intends to use the data for trending and analysis. Much of the data comes from internal and external audits, self-assessments, and management walk-arounds. There are about 5000 issues in the system, of which more than 90% are closed. OCA engages the functional subject matter experts to mine the data to determine what corrections the Lab can and should make institutionally to address common issues. CATS already covers more than just ES&H issues, at least partly in response to the DOE contractor assurance order (DOE O

226.1). LBNL has found CATS to be an effective management tool. Everyone with an LBNL e-mail account, including employees of the Berkeley Site Office, has read only access for existing entries through the LBNL website to CATS. In addition, this population can enter new findings that are then reviewed by applicable functional managers.

The issues tracking feature of CATS is supplemented by the risk/prioritization results identified in the Risk Registry. The issues management capability is currently not integrated with the Risk Registry, and OCA is considering an enhancement by creating a connection between the two management systems. In determining risk levels, OCA is trying to translate risks defined in the ES&H world to apply to other operational areas. Roughly 90% of the risks in the Risk Registry are labeled “low.” OCA discusses the risks regularly with the functional managers and reviews the “high” and “medium” risks in the Registry monthly with senior LBNL management. An example of how an issue was identified for placement on the Risk Registry for management attention related to a mercury spill. While the Lab provided prompt management attention to the issue and coordinated effectively with the UC Office of the President, it was noted by the Council that such issues should have been raised to the attention of the Council. An action was assigned to Jim Hirahara and Jim Krupnick to propose a mechanism to assure timely reporting of similar incidents to the Council.

EBI Cost Allocation

The Energy Bioscience Institute (EBI) contract is waiting for President Dynes’ signature to be complete. Director Chu, the UC Berkeley Chancellor, and Dynes are meeting to discuss the issues related to “substantially similar costs” as stated in the contract. It is approximately 10-20% more expensive to perform research at LBNL than on campus due to state subsidies for the campus versus full cost recovery requirements at the Lab. As a result, the initial “round” of selected projects included very few LBNL-proposed projects. BP considers costs not substantially similar when there is a 10% cost differential, but excluding LBNL could compromise scientific performance on the EBI projects. There is a bigger risk to BP if they don’t have access to LBNL staff who are not joint appointees. One possibility may be to subsidize the \$1.2M to \$1.5M disparity with Contractor Supporting Research funds, or the Laboratory could modify their overhead cost structure to make labor cheaper and equipment and space more expensive.

Action Items:

<i>#</i>	<i>Responsible Party</i>	<i>Action</i>	<i>Date Added</i>	<i>Status</i>
33	Fernandez LBNL	Report effectiveness of changes to and controls on signature authorities	08/15/07	OPEN—to be revisited in Jan. or Feb. 08

34	Fernandez LBNL	Updates on UCB/LBNL status of addressing the different indirect rate structures at the Lab versus Berkeley Campus	10/10/07 (discussions beginning on 08/15/07)	OPEN— future updates
38	Hirahara UCOP Krupnick LBNL	Determine what types of issues from the LBNL issues management system should be brought to the CAC	11/07/07	OPEN
36	Chernowski LBNL	Provide discussion of the risk assignment methodology LBNL utilizes in the Issues Management Program	08/15/07	CLOSED on 11/07/07
37	Fernandez LBNL	Briefing on EBI Project indirect cost allocation issues	10/10/07	CLOSED on 11/07/07